

DATE ISSUED: June 7, 2010

REPORT NO.: RA-10-25

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of June 14, 2010

SUBJECT: Exclusive Negotiation Agreement with MRW Development Company LLC
for the Agency-Owned Real Property in the Linda Vista Redevelopment
Project Area

REQUESTED ACTIONS:

That the Redevelopment Agency:

1. Approve the Exclusive Negotiation Agreement (ENA) with MRW Development Company LLC and authorize the Executive Director or designee to execute the ENA for the Agency-owned real property in the Linda Vista Redevelopment Project Area;
2. Authorize the Chief Financial Officer, or designee, to accept \$25,000 from MRW Development Company LLC as a non-refundable "Developer Deposit" to be used exclusively by the Agency to pay administrative costs and expenses incurred by the Agency as outlined in the ENA following its execution; and,
3. Amend the Agency Budget for Fiscal Year 2010 to account for the "Developer Deposit" and authorize Agency expenditures of said funds for expenses related to the ENA.

STAFF RECOMMENDATION:

Staff recommends approval of the requested actions by the Redevelopment Agency Board.

SUMMARY:

The Linda Vista Redevelopment Project Area was adopted in November 1972 to facilitate the redevelopment of Linda Vista Plaza, one of San Diego's oldest shopping centers, built in 1943 to serve the surrounding residential development. The Linda Vista Project Area is the Agency's smallest at twelve (12) acres. The Project Area is bounded by Morley, Ulric and Comstock Streets and is bisected by Linda Vista Road, with Linda Vista Plaza on one side and Morley Strip, a small linear park, on the other.

The Agency owns two adjoining parcels within Linda Vista Plaza, northeasterly of the corner where Linda Vista Road and Comstock Street meet. The Agency-owned site ("Site") totals approximately 1.6 acres and is further described as follows:

Address	Parcel Square Footage	Uses	Street Frontage(s)	Building Square Footage	APN No.
6901 Linda Vista Road	17,115	Vacant – Undeveloped	Linda Vista Road and Comstock Street	N/A	431-320-15-00
6905 – 6921 Linda Vista Road	52,708	Skate rink and retail complex (7 suites) - All tenants on month-to- month terms	Linda Vista Road	29,003	431-320-19-00

The Redevelopment Agency issued a Request for Qualifications and Proposals (RFQ/P) for the redevelopment of the Site on July 30, 2009. The Linda Vista Redevelopment Project RFQ/P called for the redevelopment of both parcels in a cohesive manner through the application of adaptive reuse principles and sustainable urban design strategies. Further, the existing structure at the Site has been determined to have the potential to qualify as a *historical building* as defined under the City of San Diego Municipal Code and, as such, the RFQ/P called for a redevelopment project consistent with the U.S. Secretary of Interior Standards for the Rehabilitation of Historic Buildings. While the structure has been modified, its origins are traced to the early 1940s and it is linked to the historic role that the Linda Vista community played in San Diego's then nascent defense industry.

The Agency received three responses to the subject RFQ/P on October 30, 2009, the submittal deadline. A Selection Panel consisting of staff from the City Centre Development Corporation (CCDC), Historical Resources Board, Redevelopment Agency and Keyser Marston Associates (KMA) reviewed the submittals as well as additional information gathered in response to Agency inquiries and subsequently interviewed two of the respondent teams. After a thorough review of all pertinent materials and documentation, the Selection Panel unanimously chose the MRW Development Company LLC (MRW) team and their proposed project as the preferred one and recommended that the Agency enter into an Exclusive Negotiation Agreement (see Attachment 1 – ENA) with MRW for the implementation of the Linda Vista Redevelopment Project. The Selection Panel concluded that the MRW submittal best responded to the Agency's goals for the redevelopment of the site as outlined in the RFQ/P. In responding to the Agency's RFQ/P, MRW has partnered with Bayside Community Center to redevelop the Site with a project that envisions increasing the current size of the built environment as well as its function while improving the connectivity of the Site with its immediate surroundings (see Attachments 2 – 4: Conceptual Site Plan and Drawings).

Bayside Community Center was established in 1932 under the Bayside Settlement House name when it began providing services to Italian and Portuguese fisherman immigrants and their families. Bayside Community Center has resided in the heart of the Linda Vista community since 1978 after relocating from Little Italy. Per the proposed project, Bayside Community Center

would relocate their main offices and principal community space to the Site. The firm of Architects Hanna Gabriel Wells would provide design and related services to the project as envisioned. Architects Hanna Gabriel Wells recently completed the first net zero energy office building in San Diego County through the redevelopment of an auto repair shop into their office space in the community of Ocean Beach. The MRW team proposal provides for renovated and new space to accommodate retail, office and community services uses through an adaptive reuse and sustainable strategy. The MRW team is committed to implementing a redevelopment vision which (1) results in an economically viable project that complements and is well integrated into its surroundings; (2) serves as an example of the application of high-quality architectural design within the context of adaptive reuse and sustainable practices; (3) provides for meaningful employment opportunities and accommodates small business and/or small business incubators; (4) conforms to the U.S. Secretary of Interior Standards for the Rehabilitation of Historic Buildings; and, (5) incorporate spaces and/or amenities that may be enjoyed by the public at large.

Approval of the proposed ENA and associated actions will allow the Agency to proceed to negotiate with MRW on an exclusive basis to establish the terms and conditions of a Disposition and Development Agreement ("DDA") intended to result in the acquisition, renovation and reuse of the Site, thus facilitating implementation of the Linda Vista Redevelopment Project. The ENA outlines the terms and conditions pursuant to which the Agency will negotiate with MRW on an exclusive basis for a period of one hundred and eighty (180) days in regards to the terms and conditions of the DDA. The ENA may be extended for two (2) additional periods of forty-five (45) days each, at the discretion of the Agency, provided MRW shows good cause and reasonable progress toward satisfying its obligations as outlined in the ENA.

If the ENA negotiations are successful, staff will subsequently present a DDA to the Agency for its consideration and approval. The DDA sets forth the terms, conditions, and schedule for implementation of the Linda Vista Redevelopment Project.

FISCAL CONSIDERATIONS:

A \$25,000 non-refundable Developer Deposit will be submitted by MRW to the Agency in order to cover Agency's expenses in carrying out activities associated with the ENA.

EQUAL OPPORTUNITY CONTRACTING:

The ENA between the Agency and MRW is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2702) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

ENVIRONMENTAL REVIEW:

The proposed activities constitute a "project" as defined in CEQA Guidelines Section 15378 but are currently exempt from CEQA review pursuant to the "common sense" exemption set forth in CEQA Guidelines Section 15061(b)(3), which states the general rule that CEQA applies only to projects having the potential to cause a significant effect on the environment. Any specific project that results from the ENA and associated actions will undergo CEQA review at the appropriate future date, consistent with CEQA Guidelines Section 15004.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

During an Agency public hearing which took place on December 8, 2008, the Agency Board directed Agency staff to issue an RFQ/P for the redevelopment of the Site with or without continuance of the existing skate rink use and referencing its potential as a historical resource. At the same hearing, the Agency Board authorized Agency staff to negotiate individual month-to-month lease agreement with the then occupants of the Site in order to allow for its prospective redevelopment. These actions are memorialized in Agency Board Resolution R - 04361.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

Agency staff presented information about the RFQ/P selection process and subsequent results to the Linda Vista Community Planning Committee at its April 26, 2010 meeting. Agency staff will also be presenting the ENA and providing related information (including information pertaining to the public hearing when the Board will consider the ENA and associated actions) to the Linda Vista Community Planning Committee at its May meeting. The Planning Committee generally meets the fourth Monday of every month. If the ENA is approved, the Agency will embark on a comprehensive community outreach effort in partnership with the MRW team as the project moves forward.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The proposed actions fulfill the goals and objectives of the Redevelopment Plan by providing for: (1) the redevelopment of a structure which is characterized by severe deferred maintenance issues while ensuring its continued viability; and, (2) the reuse of a brownfield site. It is expected that the Linda Vista Redevelopment Project will result in the preservation of a valuable historic community asset and provide significant community improvements.

Key stakeholders include Linda Vista community members as well as those firms and individuals that comprise the redevelopment team: MRW Development Company LLC (Mr. Michael Weber, President and Mr. Ivar Leetma, Chief Operating Officer), Bayside Community Center (Mr. Jorge Riquelme, Executive Director) and Architects Hanna Gabriel Wells (Mr. James Gabriel, Principal).

Respectfully submitted,

Signature on file

Janice Weinrick
Deputy Executive Director
Redevelopment Agency

Signature on file

Approved: William Anderson
Assistant Executive Director
Redevelopment Agency

Attachments: 1. Exclusive Negotiation Agreement
 2. Conceptual Site Plan
 3. Conceptual Drawing No. 1
 4. Conceptual Drawings Nos. 2 & 3